TEXAS DEPARTMENT OF INSURANCE
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
Memorial Compounding Pharmacy

Respondent Name
Indemnity Insurance Company of North America

MFDR Tracking Number
M4-17-2254-01

Carrier's Austin Representative
Box Number 15

MFDR Date Received
March 27, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "Some of the attached bills have been denied not authorized. The reconsiderations were sent in but denied. There is still no resolution on this bill. We are now requesting Medical Fee Dispute Resolution."

Amount in Dispute: $1,494.24

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "DOS 06/14/16 – Denied through paperbills as Additional info needed… DOS 06/29/16 – Denied through paperbills as No Authorization Available."

Response Submitted by: Optum

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
June 14 – 29, 2016	Pharmacy Services – Compound	$1,494.24	$1,494.24

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §133.10 sets out the requirements for completing medical bills.
3. 28 Texas Administrative Code §133.210 sets out the requirements for medical documentation.
4. 28 Texas Administrative Code §134.540 sets out the guidelines for use of the closed formulary for claims subject to certified networks.

5. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - 16 – Claim/service lacks information or has submission/billing error(s) which is needed for adjudication. Do not use this code for claims attachment(s)/other documentation.
   - 197 – Percertification/authorization/notification absent.
   - 716 – Bill has been returned as alternate vendor, not a GENEX bill review account/client.

Issues

1. Is Indemnity Insurance Company of North America's reason for denial of payment for date of service June 14, 2016, regarding lack of information supported?
2. Is Indemnity Insurance Company of North America's reason for denial of payment for date of service June 14, 2016, regarding an alternate vendor supported?
3. Is Indemnity Insurance Company of North America's reason for denial of payment for date of service June 29, 2016, regarding preauthorization supported?
4. Is Memorial Compounding Pharmacy (Memorial) eligible for reimbursement of the disputed compounds?

Findings

1. Memorial is seeking reimbursement, in part, for a compound dispensed on date of service June 14, 2016. Indemnity Insurance Company of North America denied the disputed compound with claim adjustment reason code 16 – "CLAIM/SERVICE LACKS INFORMATION OR HAS SUBMISSION/BILLING ERROR(S) WHICH IS NEEDED FOR ADJUDICATION. DO NOT USE THIS CODE FOR CLAIMS ATTACHMENT(S)/OTHER DOCUMENTATION."

   Review of the submitted documentation finds that the pharmacy bill was completed in accordance with 28 Texas Administrative Code §133.10. Optum, on behalf of Indemnity Insurance Company of North America, failed to articulate a defense for the use of this denial code. The division concludes that this denial code is not supported.

2. Indemnity Insurance Company of North America also denied the disputed compound dispensed on June 14, 2016, with claim adjustment reason code 716 – "BILL HAS BEEN RETURNED AS ALTERNATE VENDOR. NOT A GENEX BILL REVIEW ACCOUNT/CLIENT."

   28 Texas Administrative Code §133.210(e) states that "It is the insurance carrier's obligation to furnish its agents with any documentation necessary for the resolution of a medical bill. The Division considers any medical billing information or documentation possessed by one entity to be simultaneously possessed by the other." Review of available information finds that GENEX is an agent of Indemnity Insurance Company of North America. Therefore, this denial reason is not supported. The compound in question will be reviewed for reimbursement.

3. Memorial is also seeking reimbursement for a compound dispensed on date of service June 29, 2016. Indemnity Insurance Company of North America denied the disputed compound with claim adjustment reason code 197 – "PERCERTIFICATION/AUTHORIZATION/NOTIFICATION ABSENT."

   28 Texas Administrative Code §134.540(b) states that preauthorization is only required for

   - drugs identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary,* and any updates;
   - any compound that contains a drug identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary,* and any updates; and
   - any investigational or experimental drug for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, but which is not yet broadly accepted as the prevailing standard of care as defined in Labor Code §413.014(a).

   The division finds that the compound in question does not include a drug identified with a status of "N" in the current edition of the ODG, *Appendix A*. Indemnity Insurance Company of North America failed to

articulate any arguments to support its denial for preauthorization. Therefore, the division concludes that the compound in question did not require preauthorization and Indemnity Insurance Company of North America's denial of payment for this reason is not supported. Therefore, the compound in question will be reviewed for reimbursement.

4. 28 Texas Administrative Code §134.503 applies to the compounds in dispute and states, in pertinent part:

   (c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
   (1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
   (A) Generic drugs: ((AWP per unit) x (number of units) x 1.25) + $4.00 dispensing fee per prescription = reimbursement amount;
   (B) Brand name drugs: ((AWP per unit) x (number of units) x 1.09) + $4.00 dispensing fee per prescription = reimbursement amount;
   (C) When compounding, a single compounding fee of $15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
   (2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
   (A) health care provider; or
   (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compounds in dispute were billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2). Each ingredient is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Compound Fee	NA	$15.00	1	$15.00	$15.00	$15.00
Versapro Cream	38779252903 Brand Name	$3.20	44.82 gm	$3.20 x 44.82 x 1.09 = $156.33	$112.05	$112.05
Ethoxy Diglycol	38779190301 Generic	$0.342	3.0 ml	$0.342 x 3 x 1.25 = $1.28	$1.03	$1.03
Bupivacaine HCl	38779052405 Generic	$45.60	1.2 gm	$45.60 x 1.2 x 1.25 = $68.40	$48.02	$48.02
Baclofen	38779038809 Generic	$35.63	3.0 gm	$35.63 x 3 x 1.25 = $133.61	$102.60	$102.60
Mefenamic Acid	38779066906 Generic	$123.60	1.8 gm	$123.60 x 1.8 x 1.25 = $278.10	$222.48	$222.48
Meloxicam	38779274601 Generic	$194.67	0.18 gm	$194.67 x 0.18 x 1.25 = $43.80	$35.04	$35.04
Flurbiprofen	38779036209 Generic	$36.58	6.0 gm	$36.58 x 6 x 1.25 = $274.35	$210.90	$210.90
					Total	$747.12
					x2	$1,494.24

The total reimbursement is therefore $1,494.24. This amount is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $1,494.24.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor $1,494.24, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

	Laurie Garnes	October 6, 2017
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012**.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.